

	<p><b>Department of Administration</b></p> <p><b>State of Montana</b></p>	<p><b>Number:</b> RMTDINS0705</p>
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## I. DESCRIPTION

UNDER §2-9-101, MCA through §2-9-305, MCA, The Department of Administration, Risk Management & Tort Defense Division administers a comprehensive insurance program in behalf of Montana state government. This document is not an insurance policy, however, it provides a broad overview of insurance coverages provided under the state's crime insurance policy as well as specific program requirements for state agencies that participate in the state's crime insurance program. Do not attempt to interpret coverages, limits, or exclusions and apply these to state activities without contacting the Risk Management & Tort Defense Division. Specific exclusions, limits, or coverages may apply.

## II. DEFINITIONS

***Division*** means the Risk Management & Tort Defense Division.

***Employee*** means any person while in the service of the state (and for 30 days after termination of service), whom the state compensates directly by salary, wages, or commissions and whom the state has the right to direct and control while performing services for the state; and any person who is furnished to the state to substitute for a permanent employee on leave, or meet seasonal or short-term workload conditions, while that person is subject to the state's direction and control and performing services for the state excluding, however, any such person while having care and custody of property outside the premises.

Employee does not mean any agent, broker, person leased to the state by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or director or trustee except while performing acts coming within the scope of the usual duties of an employee.

***Money*** means currency, coins, bank notes in current use and having a face value, travelers checks, register checks and money orders held for sale to the public.

***Occurrence*** means an accident, including continuous or repeated exposure to conditions, which result in bodily injury or property damage during the policy period, neither expected or intended from the standpoint of the state.

***Property Other Than Money & Securities*** means tangible property that has intrinsic value that is not excluded under the state's policy.

***Securities*** mean negotiable and non-negotiable instruments or contracts representing either money or other property including tokens, tickets, revenue

and other stamps in current use, evidences of debt issued in connection with credit or charge cards not issued by the state.

**State** means the State of Montana or any office, department, agency, authority, commission, board, institution, hospital, college, university, or other instrumentality thereof.

### **III. INSURING AGREEMENT**

Subject to the terms, conditions, and exclusions specified in statute (§2-9-101, MCA through §2-9-305, MCA ) and in the state's crime policy, fraud, theft, embezzlement, and similar crimes caused by the intentional acts of state employees are covered.

### **IV. EXTENSIONS OF COVERAGE**

The state's policy is extended to cover:

- A. Public Employee Dishonesty Insurance to cover money, securities and property other than money and securities from covered dishonest acts committed by an employee. Coverage is extended to including Faithful Performance of Duty.
- B. Forgery or Alteration Insurance to cover checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum from covered forgery or alteration losses.
- C. Theft, Destruction, and Disappearance of money and securities on or off state premises.
- D. Computer Fraud Insurance to cover money, securities and property other than money and securities from theft related to the use of any computers to fraudulently transfer such property.
- E. All coverages per the terms, conditions and exclusions of the state's policy.

### **V. EXCLUSIONS**

- A. Governmental Action – Loss from seizure or destruction of property by order of governmental authority.
- B. Indirect Loss – Loss that is an indirect result of any act or occurrence covered by this insurance (i.e. fees or other expenses incurred in establishing the amount of loss).

- C. Legal Expenses – Expenses related to any legal action.
- D. Nuclear – Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination.
- E. War – Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution.
- F. Acts of employees, directors, or trustees.

**Employee Dishonesty Exclusions:**

- A. Employee Cancelled Under Prior Insurance – Loss caused by any employee for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
- B. Inventory Shortages – Loss amount that is dependent upon an inventory computation or profit and loss computation.
- C. Bonded Employee – Loss caused by any employee required by law to be individually bonded.
- D. Director or Officer – Loss caused by a director or officer by whatever name known.
- E. Damages – Damages for which the state is legally liable as a result of: (1) deprivation or violation of civil rights of any person by an employee; or (2) tortious conduct of any employee, except conversion of property of other parties held by you in any capacity.

**Computer Fraud Exclusions:**

Inventory Shortages – Loss amount that is dependent upon an inventory computation or profit and loss computation.

## **VI. PROGRAM REQUIREMENTS**

- A. State agencies must notify the Risk Management & Tort Defense Division of a claim or potential claim as soon as possible.
- B. State agencies must list number and type FTES they want insured by classification of FTE on the state Property/Casualty Insurance Information System and submit the report to the division by April 15<sup>th</sup> of each fiscal year. Failure to accurately report FTES may result in inadequate coverage.
- C. The Risk Management & Tort Defense Division and participating carriers

shall be subrogated to the state's recovery against third parties. The state shall do nothing to prejudice such rights.

- D. The state's policy may be cancelled with 30 days notice. Should this occur, the Risk Management & Tort Defense Division will secure coverage from other carriers.
- E. The state's policy may be void if the state has concealed or misrepresented material facts or circumstances.

## **VII. SPECIAL SERVICES**

- A. State agencies that need coverage for theft of cash, securities, or other assets by third parties (not state employees) and not mentioned above are encouraged to contact the Risk Management & Tort Defense Division. The division or its brokers may be able to form a plan of self-insurance to assist your agency. Any plan must be consistent with §2-9-201, MCA. The division may have to obtain legislative approval for the plan. The division may be able to obtain commercial insurance to meet your needs.
- B. The Risk Management & Tort Defense Division may be able to help you develop a risk control plan that will remove or reduce your need for coverage.

## **VIII. REPORTING LOSSES**

The ***State Report of Incident Form*** should be used. State agencies must notify the Risk Management & Tort Defense Division of a claim or potential claim as soon as possible, preferably within 24 hours, but not less than 5 business days. Claims not reported within a reasonable period of time may be denied.

Sample forms may be found on the division's website under 'Claims' or in the Risk Management Program manual. You may photocopy them (front and back) as needed.

## **IX. LIMITS**

\$10,000,000 Public Employee Dishonesty with Faithful Performance;

\$10,000,000 Forgery or Alteration;

\$10,000,000 Theft, Disappearance, and Destruction.

\$10,000,000 Computer Fraud.

## **X. DEDUCTIBLES**

\$500,000

## **XI. PREMIUMS**

Premiums must be promptly remitted by state agencies after receiving billing notices from the Risk Management & Tort Defense Division.

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